



State of Delaware

Healthcare Task Force

November 5, 2015

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Discussion Topics

How did we get here?

Financial Review

Drug Trends

Opportunities for the Future

Employer Group Waiver Plan – Drug Coverage Solutions

Utilization Management

Medical Channel Management

Financial Overview Commercial & EGWP Business

Fiscal Year 2015
July 2014 – June 2015



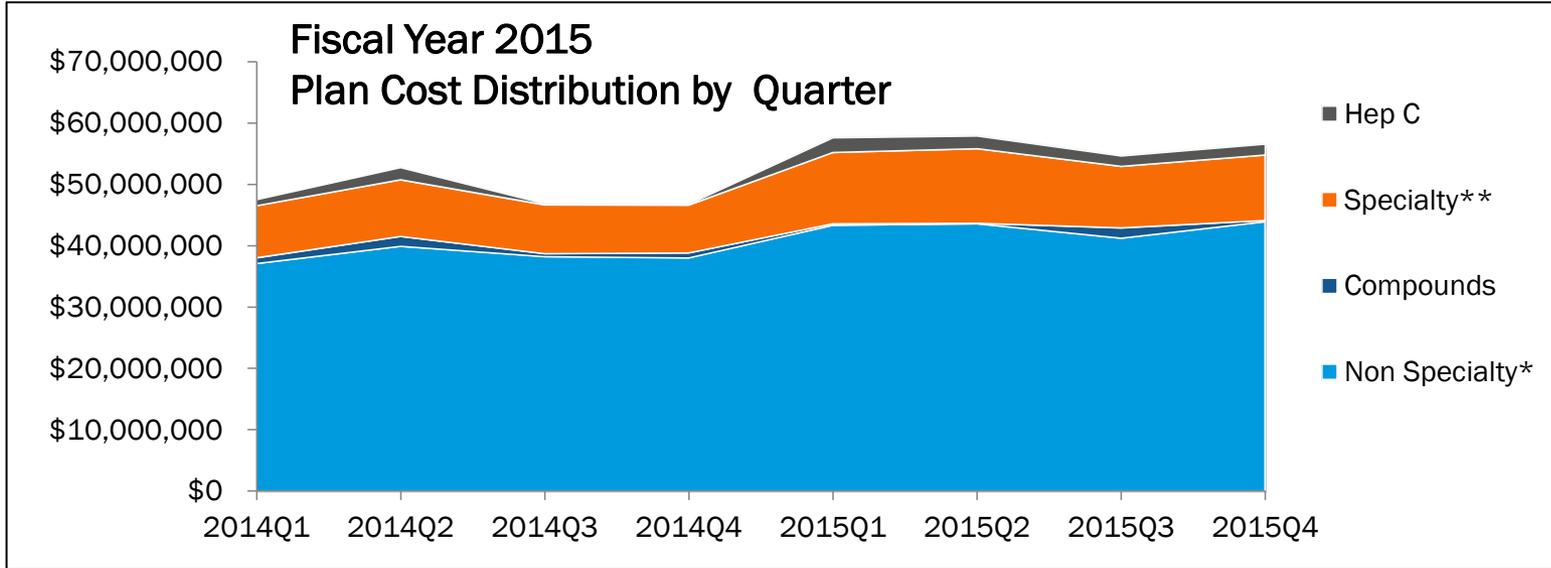
State of Delaware Total (EGWP & Commercial) Plan Performance

- Total Gross Cost is \$251,045,423, an increase of 15.7% over the previous period
- Total Member Cost is \$22,484,702, an increase of 0.7% over the previous period

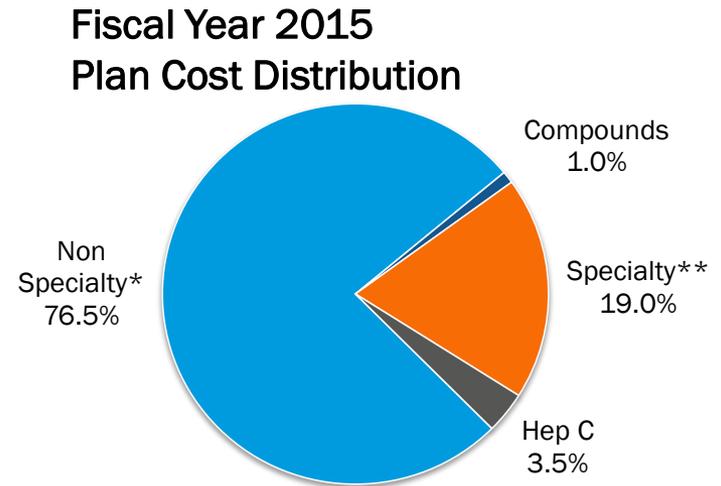
Plan Performance			
	July 2014 - June 2015	July 2013 - June 2014	Change %
AWP	\$455,126,508	\$400,089,440	13.8%
Network & Mail Discount			
Savings (includes dispensing fees)	-\$204,089,134	-\$183,082,547	11.5%
Tax	\$8,049	\$5,541	45.3%
Gross Cost	\$251,045,423	\$217,012,434	15.7%
Member Cost	-\$22,484,702	-\$22,328,687	0.7%
Plan Cost*	\$224,784,978	\$193,650,328	16.1%
Members	120,721	118,641	1.8%
Subscribers	66,322	65,054	1.9%
Plan Cost PMPM	\$155.17	\$136.02	14.1%
Plan Cost PSPM	\$282.44	\$248.06	13.9%

* Financial results have not been audited. Plan Costs do not include rebates.

State of Delaware Total (EGWP & Commercial) Plan Cost Distribution



Fiscal Quarter	Non Specialty*	Compounds	Specialty**	Hep C	Total
2014Q1	\$38,769,996	\$490,769	\$8,032,316	\$150,800	\$47,443,882
2014Q2	\$42,874,040	\$925,714	\$8,768,217	\$125,640	\$52,693,611
2014Q3	\$36,544,107	\$935,102	\$8,372,324	\$939,215	\$46,790,748
2014Q4	\$35,382,338	\$1,417,134	\$8,171,515	\$1,751,100	\$46,722,088
2015Q1	\$43,115,058	\$1,753,443	\$10,466,389	\$1,795,586	\$57,130,475
2015Q2	\$44,566,393	\$228,594	\$10,805,979	\$1,801,885	\$57,402,851
2015Q3	\$41,365,445	\$228,258	\$10,263,330	\$2,316,556	\$54,173,589
2015Q4	\$42,871,506	\$76,033	\$11,097,942	\$2,032,582	\$56,078,063
FY 2014	\$153,570,481	\$3,768,719	\$33,344,373	\$2,966,755	\$193,650,328
FY 2015	\$171,918,402	\$2,286,327	\$42,633,640	\$7,946,609	\$224,784,978



* Non Specialty excludes Compounds. ** Specialty excludes Hepatitis C.

Top Trend Drivers: Increases

By Indication

- Majority due to increased Inflation/ Mix

PMPM Trend excluding
Hepatitis C and Compounds
was 13.0%

**versus overall
PMPM trend of 14.1%**

Overall Trend	
Current Plan Cost PMPM	\$155.17
Previous Plan Cost PMPM	\$136.02
% Change Plan Cost PMPM	14.1%

Trend Driver Rank	Indication	Curr Plan Cost Rank	Curr Plan Cost PMPM	Prev Plan Cost PMPM	Total Trend %		Primary Trend Driver (+)
					Plan Cost PMPM % Change	Plan Cost PMPM \$ Change	
1	DIABETES	1	\$19.90	\$16.03	24.1%	\$3.86	Inflation/ Mix
2	HEPATITIS	10	\$5.57	\$2.32	140.2%	\$3.25	Inflation/ Mix
3	CANCER	4	\$8.83	\$6.65	32.9%	\$2.18	Inflation/ Mix
4	INFLAMMATORY CONDITIONS	3	\$9.01	\$7.30	23.5%	\$1.72	Inflation/ Mix
5	SKIN CONDITIONS	14	\$3.22	\$2.00	60.4%	\$1.21	Inflation/ Mix
6	MULTIPLE SCLEROSIS	8	\$6.53	\$5.65	15.6%	\$0.88	Inflation/ Mix
7	IMPOTENCE	18	\$2.46	\$1.65	49.2%	\$0.81	Inflation/ Mix
8	ANTICOAGULANT	13	\$3.28	\$2.48	32.2%	\$0.80	Inflation/ Mix
9	PAIN/INFLAMMATION	5	\$8.10	\$7.37	9.9%	\$0.73	Inflation/ Mix
10	HIGH BLOOD CHOLESTEROL	2	\$13.36	\$12.79	4.5%	\$0.57	Inflation/ Mix

Commercial Business

Fiscal Year 2015
July 2014 – June 2015



Commercial Business

Top Line Performance Metrics

- Plan Cost PMPM is \$107.80, a 9.1% trend over the previous period
- Generic Fill Rate (GFR) increased 3.3 percentage points to 79.9%
- Specialty Plan Cost PMPM is \$27.53, a 37.4% trend over the previous period

State of Delaware Commercial			
Description	July 2014 - June 2015	July 2013 - June 2014	Change
Avg Subscribers per Month	43,880	43,474	0.9%
Avg Members per Month	98,375	97,098	1.3%
Number of Unique Patients	78,714	77,474	1.6%
Pct Members Utilizing Benef	80.0%	79.8%	0.2
Total Plan Cost	\$127,258,635	\$115,081,049	10.6%
Total Days	41,582,436	40,957,520	1.5%
Total Rxs	921,467	908,042	1.5%
Average Member Age	35.4	35.6	-0.3%
Plan Cost PMPM	\$107.80	\$98.77	9.1%
Plan Cost/Day	\$3.06	\$2.81	8.9%
Plan Cost per Rx	\$138.10	\$126.74	9.0%
Nbr Rxs PMPM	0.78	0.78	0.2%
Generic Fill Rate	79.9%	76.6%	3.3
Home Delivery Utilization	12.3%	12.0%	0.3
Member Cost %	9.4%	10.7%	-1.4
Specialty Percent of Plan Cost	25.5%	20.3%	5.2
Specialty Plan Cost PMPM	\$27.53	\$20.05	37.4%
Formulary Compliance Rate	97.3%	95.3%	2.0

Coalition - Government Advisory Council (GAP)		Government - Under 65 Population		Government - National Preferred Formulary	
Current	Change	Current	Change	Current	Change
46.9		36.2		39.2	
\$152.80	12.2%	\$106.27	13.2%	\$105.64	12.7%
\$2.67	11.1%	\$3.11	10.2%	\$2.85	8.6%
\$108.40	10.4%	\$107.73	8.9%	\$104.96	8.1%
1.41	1.6%	0.99	3.9%	1.01	4.3%
82.0%	2.1	81.0%	2.1	81.8%	2.3
27.5%	-1.6	18.3%	-2.3	34.3%	-0.7
11.6%	-1.1	11.8%	-0.6	12.5%	-1.5
24.9%	3.0	26.8%	2.9	28.6%	4.0
\$38.11	27.4%	\$28.53	26.7%	\$30.17	31.0%
94.7%	0.7	94.7%	1.0	96.5%	1.6

Commercial Business

Plan Performance

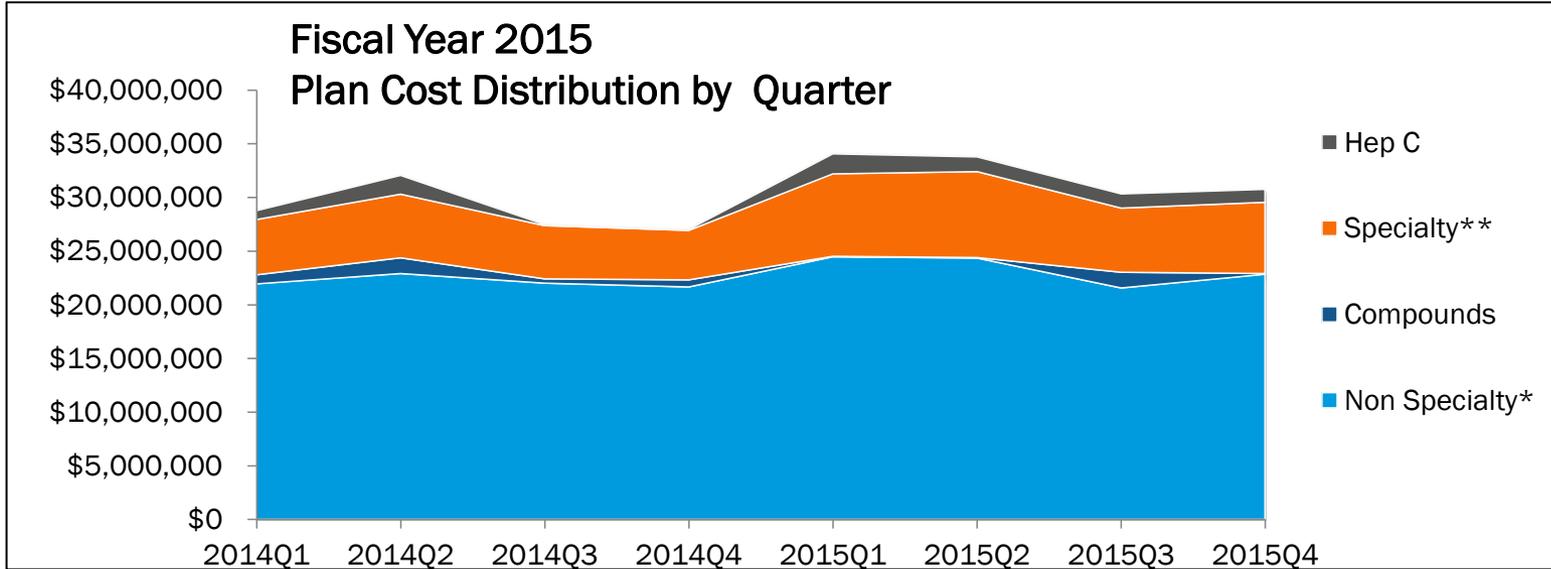
- Total Plan Cost is \$127,258,635, an increase of 10.6% over the previous period
- Total Gross Cost is \$144,580,192, an increase of 11.2% over the previous period
- Total Member Cost is \$13,553,753, a decrease of 3.0% over the previous period

	July 2014 - June 2015	July 2013 - June 2014	Change %
AWP	\$264,950,088	\$238,666,259	11.0%
Network & Mail Discount Savings (includes dispensing fees)	-\$120,375,747	-\$108,597,615	10.8%
Tax	\$5,851	\$3,455	69.3%
Gross Cost	\$144,580,192	\$130,072,099	11.2%
Member Cost	-\$13,553,753	-\$13,966,247	-3.0%
Plan Cost*	\$127,258,635	\$115,081,049	10.6%
Estimated Administrative Fees	\$1,896,534	\$852,604	122.4%
Estimated Rebates**	\$10,000,000	\$7,952,640	25.7%
Adjusted Plan Cost	\$119,155,169	\$107,981,013	10.3%
Members	98,375	97,098	1.3%
Plan Cost* PMPM	\$107.80	\$98.77	9.1%
Adjusted Plan Cost PMPM	\$100.94	\$92.67	8.9%

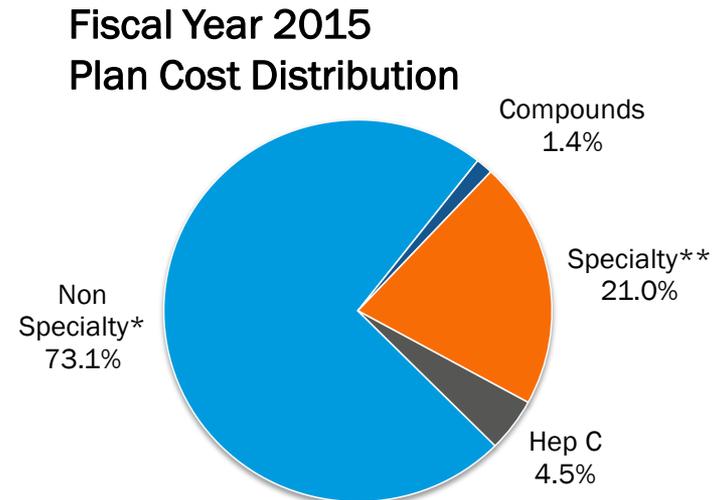
* Financial results have not been audited. Plan Costs do not include rebates.

** Estimated Rebates for Fiscal Year 2015 may not include final year end true-up.

State of Delaware Total (Commercial) Plan Cost Distribution



Fiscal Quarter	Non Specialty*	Compounds	Specialty**	Hep C	Total
2014Q1	\$23,032,774	\$430,788	\$5,140,731	\$114,877	\$28,719,169
2014Q2	\$25,649,013	\$799,533	\$5,436,823	\$95,944	\$31,981,313
2014Q3	\$20,918,683	\$795,074	\$4,907,529	\$795,074	\$27,416,360
2014Q4	\$19,279,408	\$1,240,354	\$4,961,414	\$1,483,031	\$26,964,207
2015Q1	\$23,902,085	\$1,613,643	\$6,622,659	\$1,479,173	\$33,617,560
2015Q2	\$24,734,251	\$66,669	\$7,200,267	\$1,333,383	\$33,334,569
2015Q3	\$21,976,079	\$59,880	\$6,227,554	\$1,676,649	\$29,940,162
2015Q4	\$22,410,362	\$60,733	\$6,619,863	\$1,275,386	\$30,366,344
FY 2014	\$88,879,877	\$3,265,748	\$20,446,497	\$2,488,926	\$115,081,049
FY 2015	\$93,022,776	\$1,800,925	\$26,670,343	\$5,764,591	\$127,258,635



* Non Specialty excludes Compounds. ** Specialty excludes Hepatitis C.

Top Trend Drivers: Increases

By Indication

- Majority due to increased Inflation/ Mix

PMPM Trend excluding
Hepatitis C and Compounds
was 8.6%
versus overall
PMPM trend of 9.1%

Overall Trend	
Current Plan Cost PMPM	\$107.80
Previous Plan Cost PMPM	\$98.77
% Change Plan Cost PMPM	9.1%

Trend Driver Rank	Indication	Curr Plan Cost Rank	Curr Plan Cost PMPM	Prev Plan Cost PMPM	Total Trend %		Primary Trend Driver (+)
					Plan Cost PMPM % Change	Plan Cost PMPM \$ Change	
1	HEPATITIS	8	\$4.97	\$2.47	101.3%	\$2.50	Inflation/ Mix
2	DIABETES	1	\$12.82	\$10.68	20.0%	\$2.13	Inflation/ Mix
3	INFLAMMATORY CONDITIONS	2	\$7.71	\$6.43	20.0%	\$1.29	Inflation/ Mix
4	CANCER	7	\$5.11	\$3.98	28.3%	\$1.13	Inflation/ Mix
5	SKIN CONDITIONS	13	\$2.78	\$1.68	65.3%	\$1.10	Inflation/ Mix
6	IMPOTENCE	16	\$2.10	\$1.32	58.6%	\$0.78	Inflation/ Mix
7	MULTIPLE SCLEROSIS	5	\$5.55	\$4.88	13.7%	\$0.67	Inflation/ Mix
8	CNS/AUTONOMIC DISORDERS	31	\$0.67	\$0.08	696.5%	\$0.58	Utilization
9	ATTENTION DISORDERS	4	\$5.94	\$5.55	7.0%	\$0.39	Inflation/ Mix
10	SKIN INFECTIONS	26	\$0.96	\$0.59	62.9%	\$0.37	Inflation/ Mix

Commercial Business Top 10 Indications

- The largest trend is in Hepatitis, at 101.3%

REPRESENT
57.9%
OF YOUR TOTAL
PLAN COST

Top Indications by Plan Cost														
July 2014 - June 2015									July 2013 - June 2014					%
Rank	Peer Rank	Indication	Rx	Patients	Plan Cost	Peer			Rank	Rx	Patients	Generic Fill Rate	Plan Cost PMPM	% Change
						Generic Fill Rate	Generic Fill Rate	Plan Cost PMPM						
1	1	DIABETES	51,656	6,168	\$15,132,833	36.2%	46.1%	\$12.82	1	50,397	6,049	36.2%	\$10.68	20.0%
2	2	INFLAMMATORY CONDITIONS	2,800	686	\$9,105,356	22.7%	25.8%	\$7.71	3	2,661	658	22.4%	\$6.43	20.0%
3	3	HIGH BLOOD CHOLESTEROL	50,331	13,838	\$8,176,101	72.4%	79.6%	\$6.93	2	51,553	14,092	68.6%	\$7.27	-4.7%
4	18	ATTENTION DISORDERS	35,460	4,914	\$7,006,612	63.1%	68.0%	\$5.94	4	34,035	4,749	58.1%	\$5.55	7.0%
5	7	MULTIPLE SCLEROSIS	526	132	\$6,546,356	0.0%	0.0%	\$5.55	7	512	129	0.0%	\$4.88	13.7%
6	5	PAIN/INFLAMMATION	91,029	26,117	\$6,083,336	92.3%	90.7%	\$5.15	6	92,576	26,214	90.0%	\$4.91	5.0%
7	4	CANCER	3,526	921	\$6,029,443	88.5%	87.8%	\$5.11	10	3,364	955	87.0%	\$3.98	28.3%
8	9	HEPATITIS	336	63	\$5,863,710	35.4%	32.7%	\$4.97	14	268	46	32.1%	\$2.47	101.3%
9	8	HEARTBURN/ULCER DISEASE	29,993	10,037	\$5,391,269	78.6%	82.7%	\$4.57	5	29,087	9,883	65.5%	\$5.06	-9.8%
10	10	ASTHMA	35,866	12,717	\$4,371,323	43.9%	41.9%	\$3.70	8	36,652	12,727	41.1%	\$4.13	-10.3%
Total Top 10:			301,523		\$73,706,340	67.9%		\$62.44	301,105			64.6%	\$55.35	12.8%
Differences Between Periods:			418		\$9,218,525	3.3%		\$7.09						

Peer = Express Scripts Peer 'Coalition - Government Advisory Council (GAP)' market segment

Commercial Business

Top Specialty Indications

- The largest trend is in Cns/Autonomic Disorders, at 696.5%

Top Specialty Indications by Plan Cost													
July 2014 - June 2015							July 2013 - June 2014					% Change	
Overall Rank	Overall Peer Rank	Indication	Rxs	Patients	Plan Cost	PMPM	Overall Rank	Rxs	Patients	Plan Cost	PMPM	Plan Cost	PMPM
2	2	INFLAMMATORY CONDITIONS	1,125	295	\$7,605,910	\$6.44	3	1,009	279	\$6,212,490	\$5.33		20.8%
5	7	MULTIPLE SCLEROSIS	526	132	\$6,546,356	\$5.55	7	512	129	\$5,684,805	\$4.88		13.7%
8	9	HEPATITIS	308	57	\$5,804,251	\$4.92	14	231	36	\$2,804,418	\$2.41		104.3%
7	4	CANCER	591	155	\$5,736,768	\$4.86	10	655	184	\$4,391,684	\$3.77		28.9%
31	51	CNS/AUTONOMIC DISORDERS	18	2	\$789,585	\$0.67	63	3	3	\$97,847	\$0.08		696.5%
34	30	PULMONARY HYPERTENSION	104	14	\$650,267	\$0.55	39	75	14	\$427,424	\$0.37		50.2%
35	37	GROWTH DEFICIENCY	74	22	\$639,339	\$0.54	38	75	23	\$438,257	\$0.38		44.0%
23	16	ANTICOAGULANT	577	279	\$546,919	\$0.46	25	467	254	\$479,747	\$0.41		12.5%
10	10	ASTHMA	72	18	\$540,993	\$0.46	8	66	19	\$461,034	\$0.40		15.8%
32	28	ENDOCRINE DISORDERS	217	90	\$534,678	\$0.45	30	179	81	\$394,394	\$0.34		33.8%
Total Top 10:			3,612		\$29,395,066	\$24.90		3,272		\$21,392,101	\$18.36		35.6%
Differences Between Periods:			340		\$8,002,965	\$6.54							

Peer = Express Scripts Peer 'Coalition - Government Advisory Council (GAP)' market segment

Commercial Business

Top 25 Specialty Drugs

- Represent 19.5% of your total Plan Cost and comprise 10 indications

Top Specialty Drugs by Plan Cost

		July 2014 - June 2015							July 2013 - June 2014					% Change
Overall Rank	Overall Peer Rank	Brand Name	Indication	Rxs	Pts.	Plan Cost	Plan Cost / Rx	Plan Cost PMPM	Overall Rank	Rxs	Pts.	Plan Cost / Rx	Plan Cost PMPM	Plan Cost PMPM
1	2	HUMIRA	INFLAMMATORY CONDITIONS	603	163	\$4,169,508	\$6,915	\$3.53	4	508	153	\$6,149	\$2.68	31.7%
5	5	ENBREL	INFLAMMATORY CONDITIONS	347	100	\$2,411,311	\$6,949	\$2.04	6	347	100	\$6,446	\$1.92	6.4%
6	12	SOVALDI	HEPATITIS	63	26	\$1,914,668	\$30,392	\$1.62	7	70	29	\$30,315	\$1.82	-10.9%
8	34	GILENYA	MULTIPLE SCLEROSIS	126	34	\$1,837,697	\$14,585	\$1.56	10	117	30	\$12,368	\$1.24	25.4%
12	6	HARVONI	HEPATITIS	51	15	\$1,587,796	\$31,133	\$1.35						
13	39	VIEKIRA PAK	HEPATITIS	56	18	\$1,569,103	\$28,020	\$1.33						
14	10	COPAXONE	MULTIPLE SCLEROSIS	94	33	\$1,456,838	\$15,498	\$1.23	9	106	37	\$14,148	\$1.29	-4.1%
17	18	TECFIDERA	MULTIPLE SCLEROSIS	123	32	\$1,381,611	\$11,233	\$1.17	26	90	23	\$9,114	\$0.70	66.3%
26	15	GLEEVEC	CANCER	58	12	\$1,096,728	\$18,909	\$0.93	25	36	12	\$23,704	\$0.73	26.9%
32	878	AFINITOR DISPERZ	CANCER	13	1	\$814,553	\$62,658	\$0.69	233	4	1	\$23,385	\$0.08	759.5%
34	74	H.P. ACTHAR	CNS/AUTONOMIC DISORDERS	18	2	\$789,585	\$43,866	\$0.67	231	3	3	\$32,616	\$0.08	696.5%
37	60	OLYSIO	HEPATITIS	27	10	\$642,584	\$23,799	\$0.54	62	15	7	\$22,616	\$0.29	87.0%
40	9	REVLIMID	CANCER	67	11	\$588,808	\$8,788	\$0.50	42	58	9	\$9,138	\$0.45	9.7%
47	92	XOLAIR	ASTHMA	68	17	\$508,763	\$7,482	\$0.43	50	66	19	\$6,985	\$0.40	8.9%
49	59	ENOXAPARIN SODIUM	ANTICOAGULANT	550	266	\$474,914	\$863	\$0.40	55	436	241	\$928	\$0.35	15.9%
53	37	STELARA	SKIN CONDITIONS	35	11	\$437,313	\$12,495	\$0.37	245	7	4	\$12,560	\$0.08	390.9%
57	47	AVONEX PEN	MULTIPLE SCLEROSIS	34	10	\$411,293	\$12,097	\$0.35	47	45	13	\$10,422	\$0.40	-13.4%
59	71	AVONEX	MULTIPLE SCLEROSIS	27	7	\$391,812	\$14,512	\$0.33	45	40	13	\$12,575	\$0.43	-23.1%
64	114	TASIGNA	CANCER	31	5	\$359,502	\$11,597	\$0.30	92	14	3	\$17,328	\$0.21	46.3%
65	86	NORDITROPIN FLEXPOR	GROWTH DEFICIENCY	42	12	\$357,409	\$8,510	\$0.30	111	34	12	\$5,957	\$0.17	74.2%
70	48	AFINITOR	CANCER	28	5	\$339,906	\$12,139	\$0.29	353	6	2	\$9,154	\$0.05	510.8%
72	72	REBIF	MULTIPLE SCLEROSIS	21	5	\$335,301	\$15,967	\$0.28	51	32	13	\$13,716	\$0.38	-24.6%
82	253	XALKORI	CANCER	23	3	\$315,450	\$13,715	\$0.27	161	12	1	\$11,595	\$0.12	123.8%
83	79	SPRYCEL	CANCER	12	4	\$314,113	\$26,176	\$0.27	69	11	4	\$27,198	\$0.26	3.6%
90	215	FIRAZYR	HEREDITARY ANGIOEDEMA	12	2	\$292,230	\$24,353	\$0.25	178	5	1	\$24,862	\$0.11	132.0%
			Total Top 25:	2,529		\$24,798,795	\$9,806	\$21.01		2,062		\$8,046	\$14.24	47.5%
			Difference Between Periods:	467		\$8,208,280	\$1,760	\$6.77						

Peer = Express Scripts Peer 'Coalition - Government Advisory Council (GAP)' market segment

Employer Group Waiver Plan (EGWP)

Calendar Year 2015
January 2014 – June 2015



EGWP

Top Line Performance Metrics

- Plan Cost PMPM is \$348.35, a 15.2% trend over the previous period
- Generic Fill Rate (GFR) increased 2.2 percentage points to 79.9%
- Specialty Plan Cost PMPM is \$67.35, a 25.9% trend over the previous period

State of Delaware - EGWP			
Description	Jan-Jun 2015	Jan-Jun 2014	Change
Avg Subscribers per Month	22,718	21,675	4.8%
Avg Members per Month	22,718	21,675	4.8%
Number of Unique Patients	21,843	20,777	5.1%
Pct Members Utilizing Benefit	96.1%	95.9%	0.3
Total Plan Cost	\$47,483,166	\$39,317,945	20.8%
Total Days	17,559,189	16,512,759	6.3%
Total Rxs	312,197	291,737	7.0%
Average Member Age	74.1	74.1	0.0%
Plan Cost PMPM	\$348.35	\$302.33	15.2%
Plan Cost/Day	\$2.70	\$2.38	13.6%
Plan Cost per Rx	\$152.09	\$134.77	12.9%
Nbr Rxs PMPM	2.29	2.24	2.1%
Generic Fill Rate	79.9%	77.7%	2.2
Home Delivery Utilization	16.8%	17.7%	-0.9
Member Cost %	8.7%	9.6%	-0.9
Specialty Percent of Plan Cost	19.3%	17.7%	1.6
Specialty Plan Cost PMPM	\$67.35	\$53.51	25.9%
Formulary Compliance Rate	95.7%	95.0%	0.7

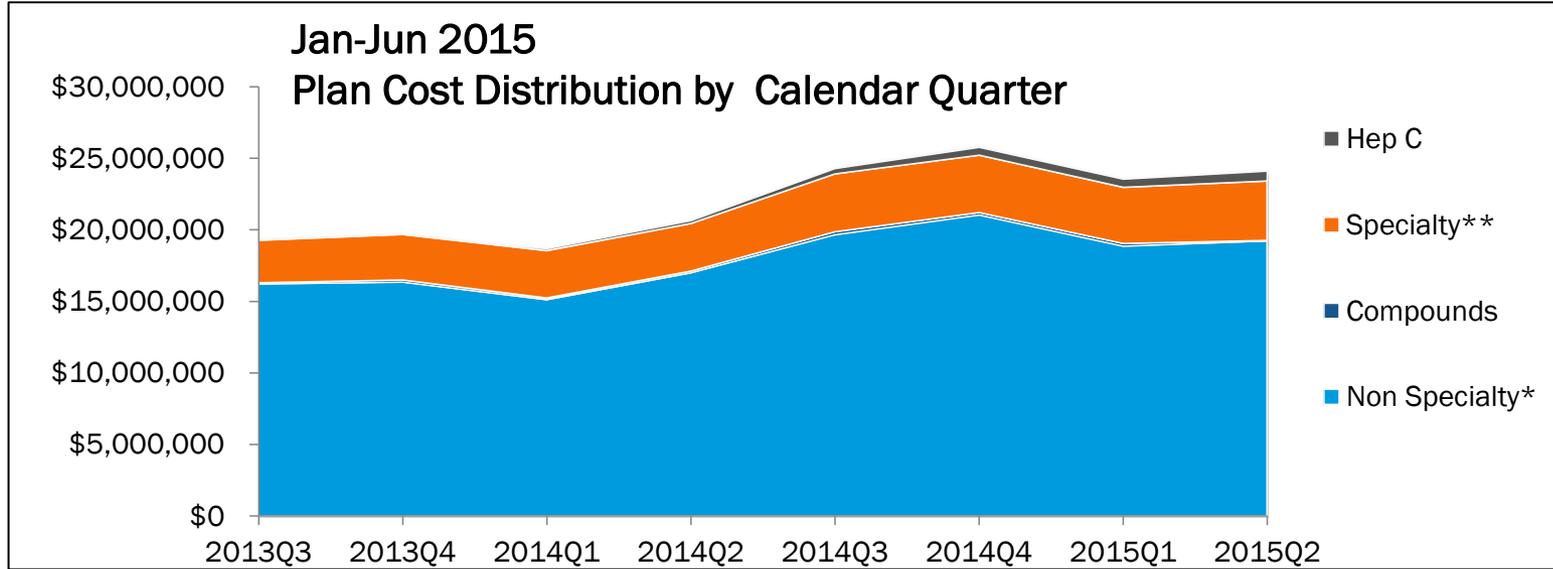
Commercial Division (CD) - EGWP	
Jan-Jun 2015	Change
77.6	
\$291.72	11.5%
\$2.26	10.3%
\$119.01	9.9%
2.45	1.5%
83.4%	1.6
55.8%	-2.5
11.5%	-0.9
24.2%	2.8
\$70.55	26.1%
95.1%	1.9

EGWP Plan Performance

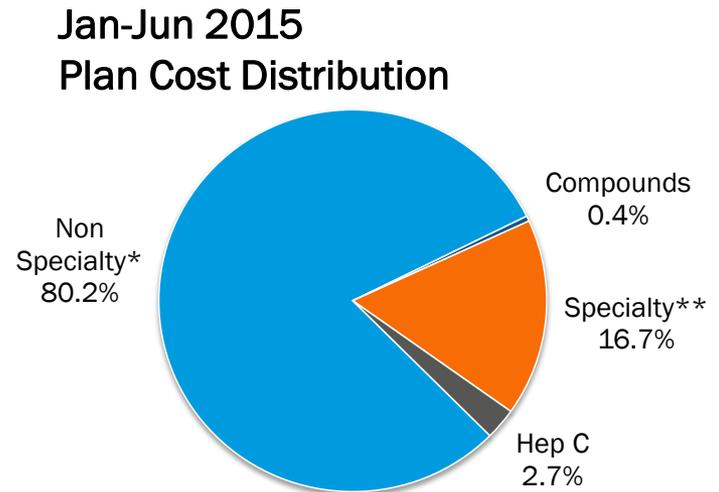
Plan Performance			
	Jan-Jun 2015	Jan-Jun 2014	Change %
AWP	\$97,833,921	\$82,825,044	18.1%
Network & Mail Discount Savings (includes dispensing fees)	-\$45,824,290	-\$39,352,240	16.4%
Tax	\$957	\$954	0.4%
Gross Cost	\$52,010,588	\$43,473,757	19.6%
Member Cost	-\$4,522,718	-\$4,153,907	8.9%
Plan Cost*	\$47,483,166	\$39,317,945	20.8%
Estimated Administrative Fees	\$2,401,807	\$2,157,098	11.3%
Estimated Rebates	-\$7,616,912	-\$6,975,577	9.2%
Estimated Direct Subsidy	-\$3,682,727	-\$3,675,690	0.2%
Estimated Coverage Gap Discount Program	-\$4,368,929	-\$4,104,810	6.4%
Estimated Federal Reinsurance	-\$970,845	-\$1,394,117	-30.4%
Adjusted Plan Cost*	\$33,245,560	\$25,324,848	31.3%
Members	22,718	21,675	4.8%
Plan Cost PMPM	\$348.35	\$302.33	15.2%
Adjusted Plan Cost* PMPM	\$243.90	\$194.73	25.2%

* Financial results have not been audited. Plan Costs do not include rebates.

State of Delaware Total (EGWP) Plan Cost Distribution



Fiscal Quarter	Non Specialty*	Compounds	Specialty**	Hep C	Total
2013Q3	\$16,214,133	\$77,210	\$2,953,289	\$57,908	\$19,302,539
2013Q4	\$16,340,296	\$157,497	\$3,169,624	\$19,687	\$19,687,104
2014Q1	\$15,087,613	\$111,898	\$3,338,298	\$111,898	\$18,649,707
2014Q2	\$16,998,126	\$123,773	\$3,300,607	\$206,288	\$20,628,794
2014Q3	\$19,661,740	\$218,464	\$4,029,443	\$364,106	\$24,273,753
2014Q4	\$21,047,455	\$180,333	\$3,993,091	\$540,999	\$25,761,879
2015Q1	\$18,916,501	\$188,224	\$3,858,590	\$564,672	\$23,527,987
2015Q2	\$19,271,505	\$24,089	\$4,095,195	\$698,592	\$24,089,381
HY 2014	\$32,085,739	\$235,671	\$6,638,905	\$318,186	\$39,278,501
HY 2015	\$38,188,006	\$212,313	\$7,953,785	\$1,263,264	\$47,617,368



* Non Specialty excludes Compounds. ** Specialty excludes Hepatitis C.

Top Trend Drivers: Increases

By Indication

- Majority due to increased Inflation/ Mix

PMPM Trend excluding
Hepatitis C and Compounds
was 13.3%
versus overall
PMPM trend of 15.2%

Overall Trend	
Current Plan Cost PMPM	\$348.35
Previous Plan Cost PMPM	\$302.33
% Change Plan Cost PMPM	15.2%

Trend Driver Rank	Indication	Curr Plan Cost Rank	Curr Plan Cost PMPM	Prev Plan Cost PMPM	Total Trend %		Primary Trend Driver (+)
					Plan Cost PMPM % Change	Plan Cost PMPM \$ Change	
1	DIABETES	1	\$52.23	\$41.52	25.8%	\$10.71	Inflation/ Mix
2	HEPATITIS	13	\$9.29	\$2.58	260.9%	\$6.72	Inflation/ Mix
3	CANCER	3	\$25.30	\$19.38	30.6%	\$5.92	Inflation/ Mix
4	INFLAMMATORY CONDITIONS	7	\$15.33	\$11.72	30.8%	\$3.61	Inflation/ Mix
5	ASTHMA	8	\$14.38	\$11.85	21.3%	\$2.52	Utilization
6	HIGH BLOOD CHOLESTEROL	2	\$38.26	\$35.91	6.6%	\$2.35	Inflation/ Mix
7	ANTICOAGULANT	9	\$12.39	\$10.13	22.2%	\$2.25	Inflation/ Mix
8	URINARY DISORDERS	11	\$11.38	\$9.36	21.7%	\$2.03	Discount
9	MENTAL/NEURO DISORDERS	10	\$11.68	\$9.89	18.1%	\$1.79	Inflation/ Mix
10	SKIN CONDITIONS	15	\$5.22	\$3.69	41.7%	\$1.54	Inflation/ Mix

EGWP Top 10 Indications

- The largest trend is in Inflammatory Conditions, at 30.8%

**REPRESENT
64.8%
OF YOUR TOTAL
PLAN COST**

Top Indications by Plan Cost														
Jan-Jun 2015									Jan-Jun 2014					%
Rank	Peer Rank	Indication	Rx	Patients	Plan Cost	Peer			Rank	Rx	Patients	Generic Fill Rate	Plan Cost PMPM	% Change
						Generic Fill Rate	Generic Fill Rate	Plan Cost PMPM						
1	1	DIABETES	23,529	4,905	\$7,119,528	37.4%	50.5%	\$52.23	1	21,233	4,642	40.4%	\$41.52	25.8%
2	3	HIGH BLOOD CHOLESTEROL	29,023	12,898	\$5,215,283	71.9%	80.6%	\$38.26	2	27,669	12,216	69.2%	\$35.91	6.6%
3	2	CANCER	1,708	687	\$3,447,919	81.6%	81.9%	\$25.30	5	1,541	628	82.4%	\$19.38	30.6%
4	5	PAIN/INFLAMMATION	26,216	7,851	\$2,614,663	89.2%	91.3%	\$19.18	6	25,659	7,633	83.2%	\$18.98	1.1%
5	4	HIGH BLOOD PRESS/HEART DISEASE	62,642	15,723	\$2,527,271	96.0%	95.7%	\$18.54	3	59,527	15,036	91.3%	\$21.61	-14.2%
6	9	HEARTBURN/ULCER DISEASE	13,205	6,029	\$2,495,421	87.4%	91.4%	\$18.31	4	12,148	5,599	68.8%	\$19.45	-5.9%
7	6	INFLAMMATORY CONDITIONS	766	306	\$2,089,287	34.9%	30.7%	\$15.33	8	606	263	38.8%	\$11.72	30.8%
8	7	ASTHMA	8,502	3,330	\$1,959,465	33.7%	32.9%	\$14.38	7	7,073	2,904	30.5%	\$11.85	21.3%
9	10	ANTICOAGULANT	5,854	2,161	\$1,688,450	54.2%	61.4%	\$12.39	9	5,418	2,000	61.7%	\$10.13	22.2%
10	8	MENTAL/NEURO DISORDERS	5,782	1,428	\$1,591,606	65.9%	64.0%	\$11.68	10	5,425	1,356	65.7%	\$9.89	18.1%
Total Top 10:			177,227		\$30,748,893	76.9%		\$225.58		166,299		73.6%	\$200.44	12.5%
Differences Between Periods:			10,928		\$4,682,079	3.3%		\$25.15						

Peer = Express Scripts Peer 'Commercial Division (CD) - EGWP' market segment

EGWP Top Specialty Indications

- The largest trend is in Hepatitis, at 278.4%

Top Specialty Indications by Plan Cost												
Jan-Jun 2015							Jan-Jun 2014					%
Overall Rank	Overall Peer Rank	Indication	Rxs	Patients	Plan Cost	Plan Cost PMPM	Overall Rank	Rxs	Patients	Plan Cost	Plan Cost PMPM	Plan Cost PMPM
3	2	CANCER	329	92	\$2,914,163	\$21.38	5	266	88	\$2,416,785	\$18.58	15.0%
7	6	INFLAMMATORY CONDITIONS	235	103	\$1,671,353	\$12.26	8	179	86	\$1,233,114	\$9.48	29.3%
12	13	MULTIPLE SCLEROSIS	136	49	\$1,466,668	\$10.76	12	121	46	\$1,209,572	\$9.30	15.7%
13	11	HEPATITIS	47	17	\$1,251,396	\$9.18	25	20	4	\$315,507	\$2.43	278.4%
23	21	PULMONARY HYPERTENSION	88	19	\$454,612	\$3.34	22	68	17	\$400,594	\$3.08	8.3%
36	36	BLOOD CELL DEFICIENCY	60	22	\$203,076	\$1.49	33	59	26	\$224,741	\$1.73	-13.8%
28	22	ENDOCRINE DISORDERS	109	51	\$187,236	\$1.37	21	116	54	\$170,427	\$1.31	4.8%
31	23	BONE CONDITIONS	87	50	\$180,101	\$1.32	27	97	46	\$211,642	\$1.63	-18.8%
21	24	GI DISORDERS	5	1	\$159,221	\$1.17	23	6	1	\$159,617	\$1.23	-4.8%
9	10	ANTICOAGULANT	212	114	\$130,857	\$0.96	9	196	120	\$207,510	\$1.60	-39.8%
Total Top 10:			1,308		\$8,618,683	\$63.23		1,128		\$6,549,508	\$50.36	25.6%
Differences Between Periods:			180		\$2,069,175	\$12.87						

Peer = Express Scripts Peer 'Commercial Division (CD) - EGWP' market segment

Top 25 Specialty Drugs

- Represent 14.4% of your total Plan Cost and comprise 9 indications

Top Specialty Drugs by Plan Cost

Overall Rank	Overall Peer Rank	Brand Name	Indication	Jan-Jun 2015					Jan-Jun 2014					% Change
				Rxs	Pts.	Plan Cost	Plan Cost / Rx	Plan Cost PMPM	Overall Rank	Rxs	Pts.	Plan Cost / Rx	Plan Cost PMPM	
3	2	HARVONI	HEPATITIS	33	14	\$1,052,761	\$31,902	\$7.72						
10	9	HUMIRA	INFLAMMATORY CONDITIONS	100	42	\$728,954	\$7,290	\$5.35	13	68	36	\$7,963	\$4.16	28.4%
12	7	ENBREL	INFLAMMATORY CONDITIONS	91	42	\$678,370	\$7,455	\$4.98	15	70	38	\$7,462	\$4.02	23.9%
14	6	REVLIMID	CANCER	56	12	\$511,342	\$9,131	\$3.75	12	63	14	\$8,774	\$4.25	-11.7%
17	18	COPAXONE	MULTIPLE SCLEROSIS	32	15	\$459,056	\$14,345	\$3.37	22	26	12	\$12,599	\$2.52	33.7%
20	24	ZYTIGA	CANCER	36	11	\$432,416	\$12,012	\$3.17	21	31	12	\$10,682	\$2.55	24.6%
45	792	ACTIMMUNE	CANCER	6	2	\$205,789	\$34,298	\$1.51	101	2	1	\$42,320	\$0.65	132.0%
47	86	AVONEX PEN	MULTIPLE SCLEROSIS	13	7	\$192,878	\$14,837	\$1.42	61	10	6	\$14,257	\$1.10	29.1%
49	14	GLEEVEC	CANCER	12	5	\$189,154	\$15,763	\$1.39	30	20	7	\$11,786	\$1.81	-23.4%
51	22	XTANDI	CANCER	22	8	\$185,471	\$8,430	\$1.36	38	26	6	\$7,758	\$1.55	-12.3%
55	66	JAKAFI	CANCER	15	4	\$180,424	\$12,028	\$1.32	96	8	4	\$11,063	\$0.68	94.5%
61	317	REBIF REBIDOSE	MULTIPLE SCLEROSIS	21	6	\$172,098	\$8,195	\$1.26	196	3	2	\$11,800	\$0.27	363.8%
62	36	IMBRUVICA	CANCER	19	6	\$170,875	\$8,993	\$1.25	88	9	2	\$10,385	\$0.72	74.4%
63	62	SENSIPAR	ENDOCRINE DISORDERS	107	50	\$169,907	\$1,588	\$1.25	50	115	52	\$1,413	\$1.25	-0.2%
67	524	GATTEX	GI DISORDERS	5	1	\$159,221	\$31,844	\$1.17	53	6	1	\$26,603	\$1.23	-4.8%
68	39	FORTEO	BONE CONDITIONS	63	26	\$159,013	\$2,524	\$1.17	39	82	31	\$2,427	\$1.53	-23.8%
71	121	XELJANZ	INFLAMMATORY CONDITIONS	28	15	\$153,564	\$5,484	\$1.13	80	26	8	\$3,733	\$0.75	51.0%
73	109	TASIGNA	CANCER	17	4	\$147,349	\$8,668	\$1.08	127	3	2	\$20,676	\$0.48	126.6%
78	64	AFINITOR	CANCER	13	4	\$144,083	\$11,083	\$1.06	35	13	5	\$16,020	\$1.60	-34.0%
80	130	AUBAGIO	MULTIPLE SCLEROSIS	15	4	\$142,745	\$9,516	\$1.05	105	11	4	\$7,240	\$0.61	71.0%
84	123	OPSUMIT	PULMONARY HYPERTENSION	18	3	\$133,594	\$7,422	\$0.98	532	1	1	\$7,152	\$0.05	1682.1%
92	63	ENOXAPARIN SODIUM	ANTICOAGULANT	205	111	\$115,204	\$562	\$0.85	52	181	110	\$882	\$1.23	-31.2%
93	68	VIEKIRA PAK	HEPATITIS	4	2	\$112,111	\$28,028	\$0.82						
94	118	GILENYA	MULTIPLE SCLEROSIS	7	4	\$112,046	\$16,007	\$0.82	58	10	5	\$15,270	\$1.17	-30.0%
95	146	AMPYRA	MULTIPLE SCLEROSIS	30	13	\$111,647	\$3,722	\$0.82	84	20	11	\$4,821	\$0.74	10.5%
			Total Top 25:	968		\$6,820,072	\$7,046	\$50.03		804		\$5,648	\$34.92	43.3%
			Difference Between Periods:	164		\$2,278,689	\$1,397	\$15.11						

Peer = Express Scripts Peer 'Commercial Division (CD) - EGWP' market segment

Opportunities



Employer Group Waiver Plan Drug Coverage Solutions



Medicare Part D - Not all medications are covered

Drugs that are excluded from Medicare coverage

Categories	State of Delaware
Drugs for:	
Anorexia, weight loss or weight gain (except to treat physical wasting caused by AIDS, cancer or other diseases)	Not Covered
Fertility	Partially Covered (for some non-fertility indications)
Cosmetic purposes or hair growth	Not Covered
Relief of the symptoms of colds, like a cough and stuffy nose	Partially Covered
Erectile dysfunction	Not Covered (covered through the end of 2015; not covered in 2016)
Prescription vitamins and minerals (except prenatal vitamins and fluoride preparations)	Partially Covered
Non-prescription drugs (over-the-counter drugs)	Partially Covered

Note: "Partially Covered" indicates that the majority of items are covered in the category except for fertility items, which may be covered for some non-fertility indications.

Note: Prescription drugs used for the above conditions will not be covered by Medicare Part D. However, they may be covered if they are being prescribed to treat other conditions. For example, prescription medications for the relief of cold symptoms may be covered by Part D, if prescribed to treat something other than a cold—such as shortness of breath from severe asthma—as long as they are approved by the United States Food and Drug Administration (FDA) for such treatment.

Reference: Medicare Interactive.org website accessed on 11/4/2015
http://www.medicareinteractive.org/page2.php?topic=counselor&page=script&script_id=1581

**Total Estimated
Annualized Savings
Opportunity
\$2,700,000**

Savings are based on State of De. Utilization and are not guaranteed.

Medicare Part B - What is Covered?

Part B covers 2 types of services

1. **Medically necessary services:** Services or supplies that are needed to diagnose or treat your medical condition and that meet accepted standards of medical practice.
2. **Preventive services:** Health care to prevent illness (like the flu) or detect it at an early stage, when treatment is most likely to work best.

Part B covers things like:

- ✓ Clinical research
- ✓ Ambulance services
- ✓ Durable medical equipment (DME)
- ✓ Mental health
 - Inpatient
 - Outpatient
 - Partial hospitalization
- ✓ Getting a second opinion before surgery
- ✓ Limited outpatient prescription drugs

**Total Estimated
Annualized Savings
Opportunity
\$1,200,000**

Savings are based on State of De. Utilization and are not guaranteed.

Reference: Medicare Interactive.org website accessed on 11/4/2015
http://www.medicareinteractive.org/page2.php?topic=counselor&page=script&script_id=1581

Medicare Part B- limited drug and supplies coverage*

Examples of drugs and supplies that may be covered under Medicare Part B

- Drugs used with Durable Medical Equipment- infusion pumps, nebulizers
- Injectable Osteoporosis Drugs
- Some antigens
- Blood clotting Factors
- Diabetic Testing Supplies
- Vaccines: Flu, Pneumonia and Hepatitis B
- Injectable and infused medications administered by a licensed medical provider
- Oral cancer medications
- Oral Anti Nausea medications

*this is not an inclusive list of covered products and services

EGWP Part B/D Process

Documentation surrounding the B vs. D process for your reference.

- CMS requires that plans subject a subset of medication to a Medicare Part B vs. Medicare Part D determination. What this means is that there are medications that can either pay as Medicare Part B or Medicare Part D. The way in which they pay is based on the indication for which the medication is being used and can also be dependent on the route of administration or dosage.
- Clients can decide whether they would like to pay for the Medicare Part B medications under their Non Medicare Part D portion of the EGWP Benefit. If clients choose to cover these B medications, then when the B vs. D determination happens and the medication is determined to be payable under Part “B”, then the medication would pay under the Non Part D medication coverage. If clients choose NOT to cover these B medications, then when the B vs. D determination happens and the medication is determined to be payable under “B”, the medication would reject at the point of sale.
- Alike most of our other EGWP clients, State of DE has decided to cover Part B medications therefore the medication will be paid as B or D, depending on the determination.
- If a member fills a Part B drug at the pharmacy, the medication will process under the Non D Enhanced Coverage of the Part D plan.
- If a member fills a Part B drug at a hospital or Dr. office, the medication will process as Part B. Part B would pay 80% of the cost of the medication. The member will be responsible for submitting a COB request to ESI to pick up the remaining 20% (member would pay the copay and the State of DE would pick up the difference).

Achieving Medicare Part B Savings

- Financial Benefits for the State of Delaware
 - Reduce pharmacy costs by realigning the cost liability to the appropriate primary payer
 - Ability to choose a secondary reimbursement option to address coordination of benefits
- Impact on the Patient
 - Minimal or no disruption to the patient
 - Patients may experience reduced out of pocket expense depending on their co-payment structure and secondary coverage

**Total Estimated
Annualized Savings
Opportunity**

\$650,000

Savings are based on State of De. Utilization and are not guaranteed.

Utilization Management



Advanced Utilization Management

comprehensive trend management solution

PRIOR AUTHORIZATION

1 Right
Patient

STEP THERAPY

2 Right
Drug

DRUG QUANTITY

3 Right
Amount

PROACTIVE, HOLISTIC APPROACH

1. Actively monitor changing landscape
2. Automatically update clinical rules
3. Implement marketplace changes as they occur



Strategically developed packages to improve trend and align philosophy across plan

Advanced Utilization Management Savings Detail Unlimited Option

STRATEGY	Estimated Net Ingredient Cost Savings	MEMBER IMPACT
Step Therapy	\$1,478,686	5,796
Prior Authorization	\$714,423	5,554
Drug Quantity Management	\$190,234	1,450
Total	\$2,383,344	12,800

Savings are net of program cost and rebate impact.

PMPM fees represent total fees which will replace any current UM fees

Preferred Specialty Management is not included in model

Implementation may require adjustment of rebate guarantee. Savings are estimated and are not guaranteed

Medical Channel Management



Medical Channel Management (MCM)

<p>Program</p>	<ul style="list-style-type: none"> ■ Covers specific specialty drug categories exclusively under pharmacy benefit ■ Addresses significant drug spend hidden under medical benefit ■ Positions clients for substantial new drug pipeline
<p>Capability</p>	<ul style="list-style-type: none"> ■ Dedicated resources to manage patient transitions ■ Experienced physician management to provide smooth transfer ■ Robust data analytics to support customizable program configurations for clients ■ Savings reporting available
<p>Results</p>	<ul style="list-style-type: none"> ■ Client savings average 8-12%*\$7M savings for the State of De. ■ Visibility of specialty spending ■ Managed spending, trend, and utilization ■ Consistent application of clinical protocols

*Based on report prepared by Medco's Performance Solutions group, measuring therapy and coverage management savings for clients enrolled in the MCM program. These savings assume no coverage management programs were being utilized on the medical benefit. Bases for savings percentages is 2013 MCM case studies of 6 clients and 377 impacted patients. All savings reported are estimated and are not guaranteed.

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Patient-Level Savings Examples

Movement from infused therapy to self-injected (coverage management)	<p>Patient received <i>Remicade</i>[®] at physician's office through the medical benefit.</p> <ul style="list-style-type: none">• Due to a prior authorization (PA) rule, MCM drove movement to a lower-cost, self-administered drug (i.e., <i>Enbrel</i>[®], <i>Humira</i>[®])• Self-administration removes infusion expense
End off-label use (coverage management)	<p>Patient received intravenous Immune globulin (IVIG) at physician's office through the medical benefit to treat multiple sclerosis.</p> <ul style="list-style-type: none">• Off-label use of extremely expensive drug ceased
Uniform plan rule enforcement (coverage management)	<p>Adult patient received growth hormone at physician's office through the medical benefit.</p> <ul style="list-style-type: none">• Adult-use rule triggered and the order was canceled
Improved dose management (therapy management)	<p>Patient received <i>Procrit</i>[®] at physician's office through the medical benefit.</p> <ul style="list-style-type: none">• Movement to <i>Accredo</i>[®] yielded improved vial optimization and dispensing of smaller quantity of drug• Continued clinical evaluation for appropriate use



EXPRESS SCRIPTS®